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Department of the Treasury
Internal Revenue Service

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The Correspondence Process (Income Tax Accounts)

Introduction

This publication explains what you should do when your return is questioned or examined by the Internal Revenue Service (IRS) by correspondence. It explains how to respond to our notice of proposed changes and ways you may avoid future notices. For information concerning your rights as a taxpayer, see Publication 1, *Your Rights As a Taxpayer*, enclosed or previously sent to you. The topics covered in this publication are:

- Responding to our Notice
- Avoiding Future Notices

Responding To Our Notice

When changes are proposed to your return by correspondence, the notice will summarize the changes and explain the reasons for making the changes. It is important that you understand the reasons for any proposed change. You should not hesitate to inquire about anything that is not clear to you. Once you understand the notice, you should:

- 1) **Review** the proposed changes and compare them with the information you included on your return.
- 2) **If you agree** with the changes, sign and date the consent form enclosed with the notice and return it to us using the envelope provided. If you pay any amount you agree you owe with the returned consent form, you will minimize further interest charges. Otherwise, we will bill you for any balance due plus additional interest when we receive your consent.

- 3) **If you agree but are unable to pay** the total amount due at this time, you should still sign and return the consent form. Failure to do so will only delay resolving your tax matter and may result in additional interest or penalty being charged. You may include a partial payment when you return the consent. This will minimize interest charges on the part of the tax you do pay, although, by law, interest will continue to run on the remainder until you pay it.
- 4) **If you do not agree** with our proposed changes or if any part of our notice is incorrect, you should write a statement explaining why you disagree, sign the statement and send it to IRS in the enclosed envelope. Be sure to include your social security number on the signed statement. Also, provide any additional information you would like us to consider. This is usually the easiest way of answering questions about your tax return and often lets us take care of the entire matter without further contact. Additionally, please provide a telephone number where you can be reached during business hours and the best time to call should we need to reach you by phone. You may also ask for an interview with an examiner. Your request for interview should be included with your explanation of why you disagree with the proposed changes.
- 5) If you do not respond to our notice within 30 days, we will assume the proposed changes to your tax return are correct and will send you a Notice of Deficiency of Tax followed by a final bill. You may contest within 90 days the Notice of Deficiency of Tax in the Tax Court, if you believe you do not owe the additional tax.
- 6) If, after responding to our notice, your tax matter has not been settled to your satisfaction, you have the right to appeal. In order to appeal, explain in a signed statement why you disagree with our findings and ask for a conference with an Appeals Officer. Please include your social security number and telephone number; send it to the IRS office in the envelope provided. An Appeals Officer will contact you. For additional information concerning your appeal rights, see Publication 1, *Your Rights As a Taxpayer*, enclosed or previously sent to you.

Avoiding Future Notices

Each year when you prepare your return, you should have received a Form W-2 from each of your employers and a Form 1099 from each payer of interest, dividends, or royalties, and each person required to report securities sales or real estate transactions. In addition, you should receive Forms 5498, *Individual Retirement Arrangement Information*, for your IRA contributions and Forms 1098, *Mortgage Interest Statement*, for any mortgage interest paid. (Your bank may send you approved substitutes for these forms.) If you do not receive these forms, or they are incorrect, you should contact the person responsible for providing the form (such as your employer) and ask that an original or corrected form be issued. You may avoid receiving unnecessary notices by making sure that your social security number (SSN) appears only on your accounts. Minor children should use their own SSN on their accounts. In cases where income is paid and reported to you on behalf of another, you should issue a form 1099 to the party who really owns the income. Please contact IRS at 1-800-424-FORM (3676) and request Instructions for Forms 1099, 1098, 5498, 1096, and W-2G.

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